





# Operating a Business in Alabama: Business Privilege Tax


Business Essentials for State  
Taxpayers (B.E.S.T.)

Rev. 12/07/2021

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## B.E.S.T. Webinar Series Housekeeping Reminders

-  Everyone's lines were muted when entering the meeting. This is to prevent background noises from interrupting the presentations. Only the host is able to unmute someone.
-  Click on the Layout button to set your preferred viewing option.
-  If you would like to ask a question about the presentation, please use the Q&A box to send a question to **all panelists** (*not to a particular presenter*). We will respond to your question during the Q&A Session near the end of the agenda.
-  At the conclusion of the webinar, a short evaluation survey will open on your screen. Your feedback is important to us, so thank you in advance for responding to the survey.



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## Disclaimer

The information in this presentation is intended to be an overview. It is not a comprehensive explanation of all aspects of the subject matter, does not represent legal advice, and is not legally binding on the Department. Information regarding taxes and tax administration changes frequently and should always be confirmed through a tax professional.

Please refer to the Alabama Department of Revenue website at [revenue.alabama.gov](https://revenue.alabama.gov) for additional information.



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## Purpose of this Webinar

To inform Alabama taxpayers of the requirements and guidelines for filing Business Privilege Tax (BPT) in Alabama. This presentation will cover:

- Defining Business Privilege Tax
- Business Privilege Tax – Useful Facts and Tips
- Business Privilege Tax Filing Information by Entity Type
- Penalties & Interest Due for Not Filing Properly



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## What is Business Privilege Tax?

A tax levied for the privilege of being organized under the laws of Alabama or doing business in Alabama.

Every:

- Corporation
- Limited Liability Entity (LLE)
- Disregarded Entity
- Business Trust
- Real Estate Investment Trust

**doing business** in Alabama, or is **qualified**, or **registered** under the laws of Alabama.



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## Who is Not Required to File Business Privilege Tax?

- Sole Proprietors
- General Partnerships
- Companies that **have not qualified to do business** in Alabama **with only an investment interest** in companies doing business in Alabama
- Qualified Nonprofit Organizations



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## Business Privilege Tax - Useful Facts and Tips

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## Business Privilege Tax - Useful Facts and Tips

- Business Privilege Tax (BPT) is filed annually, plus the initial return (BPT-IN) which is due 2½ months after being organized, incorporated, qualified, or registered with the Alabama Secretary of State.
- The tax is based on the net worth of the company, not the income.
- The minimum tax due is \$100.00. (*Plus, a \$10 Secretary of State fee for Corporations.*)
- BPT can be filed through My Alabama Taxes ([myalabamataxes.alabama.gov/](http://myalabamataxes.alabama.gov/)) or through an approved software vendor (E-Filed).



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## Business Privilege Tax - Useful Facts and Tips

- Copies of the Federal Tax Return must be attached for partnerships and corporations or use the Department's form BPT-NW (*Balance Sheet - Net Worth Computation for Form CPT and PPT*).
- A copy of the balance sheet used to compute the taxpayer's net worth must be attached for single member LLCs. If not provided with the copy of the Federal Tax Return, use the Department's form BPT-NWI (*Balance Sheet - Net Worth Computation for Disregarded Entities with Individual Single Member Only*).



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## Business Privilege Tax - Useful Facts and Tips

- When filing, use the form with the year that you are filing in. For example, if filing a return in April 2022 use the 2022 BPT form even though you are using information from the previous year end.
- BPT does not have a “final” return. Taxpayers must dissolve/withdraw the business with the Secretary of State for the account to be “closed.”
- If the taxpayer never “uses” or “opens” the business, the BPT is still owed until the taxpayer dissolves or withdraws the business.



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## Business Privilege Tax Filing Information by Entity Type


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Who Must File by Entity	Alabama Document(s) to File	When to File
All entities listed below	Form BPT-IN	Within 2 ½ months after being organized, incorporated, qualified or registered
<ul style="list-style-type: none"> <li>C Corporation</li> <li>LLE taxed as a C Corporation</li> </ul>	Form CPT, Copy of Federal Income Tax Return, & Worksheet BPT-NW  C Corporations must also file form AL-CAR	No later than the corresponding Federal Income Tax Return as required to be filed, as provided under federal law.
<ul style="list-style-type: none"> <li>S Corporation</li> <li>LLE taxed as a Sole Proprietor, Partnership, or S Corporation</li> </ul>	Form PPT, Copy of Federal Income Tax Return, & Worksheet BPT-NW or BPT-NWI  S Corporations must also file form AL-CAR	No later than the corresponding Federal Income Tax Return as required to be filed, as provided under federal law.



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FORM  
**BPT-IN 2021**



Alabama Department of Revenue  
**Alabama Business Privilege Tax Initial Privilege Tax Return**

**Initial Privilege Tax** – This form is to be completed ONLY by taxpayers who incorporated, organized, qualified, registered or started doing business in Alabama in 2021. **NOTE: Initial returns must be filed within 2-1/2 months of incorporation, organization or qualification.** See the detailed instructions on the Alabama Department of Revenue Web site ([www.revenue.alabama.gov](http://www.revenue.alabama.gov)).

**Make check payable to: Alabama Department of Revenue**  
(Payment must be submitted with Form BPT-V, unless payment is made electronically)  
**Mail to: Alabama Department of Revenue, Business Privilege Tax Section**  
 P.O. Box 327320, Montgomery, AL 36132-7320

Type of taxpayer (check only one):

1c. ☐ Financial Institution Group Member

1f. ☐ Business Trust

1i. ☐ Disregarded Entity

**TAXPAYER INFORMATION**

3a. LEGAL NAME OF BUSINESS ENTITY

3b. BPT ACCOUNT NO. (SEE INSTRUCTIONS)

3c. MAILING ADDRESS

3d. CITY

3e. STATE

3f. ZIP CODE

3g. CONTACT PERSON CONCERNING THIS FORM

3h. TAXPAYER'S E-MAIL ADDRESS

5a. County of incorporation or organization for all Alabama entities

5b. State or country of incorporation or organization for all foreign entities

6a. Date of qualification or registration in Alabama for foreign entities

6b. Date of incorporation or organization for all entities

1a. ☐ C Corporation

1d. ☐ LLE Taxed as Corporation

1g. ☐ S Corporation

**DO NOT FILE FORM BPT-IN AS AN ANNUAL RETURN**

1b. ☐ Insurance Company

1e. ☐ Real Estate Investment Trust

1h. ☐ Limited Liability Entity

**Enter Month of Tax Year End**

Please enter the date the entity incorporated, organized, qualified or registered in Alabama or started doing business in Alabama, whichever occurred first:

2a. Date of Qualification, Incorporation or Organization (mm/dd/yyyy)

FEIN NOT REQUIRED (SEE INSTRUCTIONS)

3d. SECRETARY OF STATE ENTITY ID NO. (SEE [SOS.ALABAMA.GOV](http://SOS.ALABAMA.GOV))

3e. FEDERAL BUSINESS CODE NO. (NAICS) (SEE [WWW.CENSUS.GOV](http://WWW.CENSUS.GOV))

4b. CONTACT PERSON'S PHONE NO.



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FORM  
**CPT 2021**

Alabama Department of Revenue  
**Alabama Business Privilege Tax Return  
and Annual Report**

- 1a • ☐ Calendar Year (Taxable Year 2021 – determination period beginning \_\_\_\_\_ and ending 12/31/2020)  
 1b • ☐ Fiscal Year (Taxable Year 2021 – determination period beginning \_\_\_\_\_ and ending \_\_\_\_\_ /2021)  
 1c • ☐ Amended Return (Attach Supporting Documentation) • ☐ 52/53 Week Filer  
 Type of taxpayer (check only one): 2a • ☐ C Corporation 2b • ☐ Insurance Company (See definitions)  
 2c • ☐ LLE Taxed as Corporation 2d • ☐ Financial Institution Group Member 2e • ☐ Real Estate Investment Trust (REIT)  
 2f • ☐ Business Trust • \_\_\_\_\_ Number of AL-CARs attached (Financial Institutions only)

**TAXPAYER INFORMATION**

- 3a LEGAL NAME OF BUSINESS ENTITY • \_\_\_\_\_ 3b FEIN • \_\_\_\_\_ ☐ FEIN NOT REQUIRED (SEE INSTRUCTIONS)  
 3c MAILING ADDRESS • \_\_\_\_\_ 3d BPT ACCOUNT NO. (SEE INSTRUCTIONS) • \_\_\_\_\_  
 3e CITY • \_\_\_\_\_ 3f STATE • \_\_\_\_\_ 3g ZIP CODE • \_\_\_\_\_ 3h FEDERAL BUSINESS CODE NO. (NAICS) (SEE WWW.CENSUS.GOV) • \_\_\_\_\_  
 3i CONTACT PERSON CONCERNING THIS FORM • \_\_\_\_\_ 3j CONTACT PERSON'S PHONE NO. • \_\_\_\_\_  
 3k TAXPAYER'S E-MAIL ADDRESS • \_\_\_\_\_

**RETURN INFORMATION**

- 4a • ☐ Corporation President Information Change on attached Schedule AL-CAR (Corporation Annual Report)  
 4b • ☐ Corporation Secretary Information Change on attached Schedule AL-CAR (Corporation Annual Report)  
 5a Date of Incorporation or Organization • \_\_\_\_\_ 5b State of Incorporation or Organization • \_\_\_\_\_ 5c County of Incorporation or Organization • \_\_\_\_\_

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FORM  
**PPT 2021**

Alabama Department of Revenue  
**Alabama Business Privilege Tax Return  
and Annual Report**

- 1a • ☐ Calendar Year (Taxable Year 2021 – determination period beginning \_\_\_\_\_ and ending 12/31/2020)  
 1b • ☐ Fiscal Year (Taxable Year 2021 – determination period beginning \_\_\_\_\_ and ending \_\_\_\_\_ /2021)  
 1c • ☐ Amended Return (Attach Supporting Documentation) 1d • ☐ 52/53 Week Filer  
 Type of taxpayer (check only one): 2a • ☐ S Corporation 2b • ☐ Limited Liability Entity 2c • ☐ Disregarded Entity 2d • ☐ LLE taxed as S Corporation

**TAXPAYER INFORMATION**

- 3a LEGAL NAME OF BUSINESS ENTITY • \_\_\_\_\_ 3b FEIN • \_\_\_\_\_ ☐ FEIN NOT REQUIRED (SEE INSTRUCTIONS)  
 3c MAILING ADDRESS • \_\_\_\_\_ 3d BPT ACCOUNT NO. (SEE INSTRUCTIONS) • \_\_\_\_\_  
 3e CITY • \_\_\_\_\_ 3f STATE • \_\_\_\_\_ 3g ZIP CODE • \_\_\_\_\_ 3h FEDERAL BUSINESS CODE NO. (NAICS) (SEE WWW.CENSUS.GOV) • \_\_\_\_\_  
 3i CONTACT PERSON CONCERNING THIS FORM • \_\_\_\_\_ 3j CONTACT PERSON'S PHONE NO. • \_\_\_\_\_  
 3k TAXPAYER'S E-MAIL ADDRESS • \_\_\_\_\_

**RETURN INFORMATION**

- 4a • ☐ S Corporation President Information Change on attached Schedule AL-CAR (Corporation Annual Report)  
 4b • ☐ S Corporation Secretary Information Change on attached Schedule AL-CAR (Corporation Annual Report)  
 5a Date of Incorporation or Organization • \_\_\_\_\_ 5b State of Incorporation or Organization • \_\_\_\_\_ 5c County of Incorporation or Organization • \_\_\_\_\_

**COMPUTATION OF AMOUNT DUE OR REFUND DUE**

- |   | 6 | 7 | 8 | Amount Due |
|---|---|---|---|------------|
| 6 Secretary of State corporate annual report fee \$10 (corporations only) ..... |   |   |   |            |
| 7 Less: Annual report fee previously paid for the taxable year .....            |   |   |   |            |
| 8 Net annual report fee due (line 6 less line 7) .....                          |   |   |   |            |

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# Schedule AL-CAR

- This form must be completed by C Corporations and S Corporations.
- Limited Liability Entities taxed as corporations **are not** subject to the Secretary of State fee and **are not** required to complete Schedule AL-CAR.
- This form is a required attachment to Form CPT and PPT.
- Taxpayers filing an **initial return** **are not** required to complete Schedule AL-CAR or pay the \$10 Secretary of State fee.



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 <div style="text-align: center;"><small>SCHEDULE</small> <b>AL-CAR</b></div>	 <small>Alabama Department of Revenue</small> <b>Alabama Secretary of State Corporation Annual Report</b>	<small>BUSINESS PRIVILEGE TAX YEAR</small> <b>2021</b>
<small>1a FEIN</small> ●		
<small>1b LEGAL NAME OF BUSINESS ENTITY (PLEASE TYPE OR PRINT)</small>		
<small>1c CONTACT PERSON CONCERNING THIS FORM</small>		<small>1d CONTACT PERSON'S PHONE NUMBER</small>
<small>1e TAXPAYER'S E-MAIL ADDRESS</small> ●		
<small>2a County of incorporation or organization for all Alabama entities .....</small>	<small>2a</small>	
<small>2b State or country of incorporation or organization for all foreign entities...</small>	<small>2b</small>	
<small>3a Date of qualification or registration in Alabama for foreign entities .....</small>	<small>3a</small>	
<small>3b Date of incorporation or organization for all entities .....</small>	<small>3b</small>	
<small>3c Telephone number of the taxpayer .....</small>	<small>3c</small>	
<small>4a Name of registered agent in Alabama .....</small>	<small>4a</small>	
<small>4b FEIN or social security number .....</small>	<small>4b</small>	
<small>4c Street address .....</small>	<small>4c</small>	
<small>4d City .....</small>	<small>4d</small>	
<small>4e State .....</small>	<small>4e</small>	
<small>4f Zip .....</small>	<small>4f</small>	
<small>5a Name of corporate president..... ● (Update <input type="checkbox"/>)</small>	<small>5a</small>	●
<small>5b Social security number .....</small>	<small>5b</small>	●
<small>5c Street address .....</small>	<small>5c</small>	●
<small>5d City .....</small>	<small>5d</small>	●



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WORKSHEET  
**BPT-NW**



BUSINESS PRIVILEGE  
TAX YEAR  
**2021**

Alabama Department of Revenue  
**Balance Sheet – Net Worth Computation**  
(FOR FORMS CPT AND PPT)

1a FEIN	1b NAME	1c Determination Period End Date (Balance Sheet Date): (mm/dd/yyyy)
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This worksheet is required to be completed to substantiate the net worth computation. This worksheet is for entities that are not required to complete a Schedule L on the federal Form 1120, 1065 and 1120S and disregarded entities that have as its single member a taxpayer that is not subject to Alabama business privilege tax (foreign business entities not doing business in the state of Alabama and not registered with the Alabama Secretary of State's office to do business in Alabama). *Individual single member taxpayers should use Worksheet BPT-NWI.*

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash	////	////	////	////
2a Trade notes and accounts receivable	////	////	////	////
b Less allowance for bad debts	( )	( )	( )	( )
3 Inventories	////	////	////	////
4 U.S. government obligations	////	////	////	////
5 Tax-exempt securities	////	////	////	////
6 Other current assets (attach statement)	////	////	////	////
7 Loans to partners (or persons related to partners) (For Limited Liability Entities only)	////	////	////	////
8 Loans to shareholders (For Corporations only)	////	////	////	////
9 Mortgage and real estate loans	////	////	////	////
10 Other investments (attach statement)	////	////	////	////



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WORKSHEET  
**BPT-NWI**



BUSINESS PRIVILEGE  
TAX YEAR  
**2021**

Alabama Department of Revenue  
**Balance Sheet – Net Worth Computation**  
(FOR DISREGARDED ENTITIES WITH INDIVIDUAL SINGLE MEMBER ONLY)

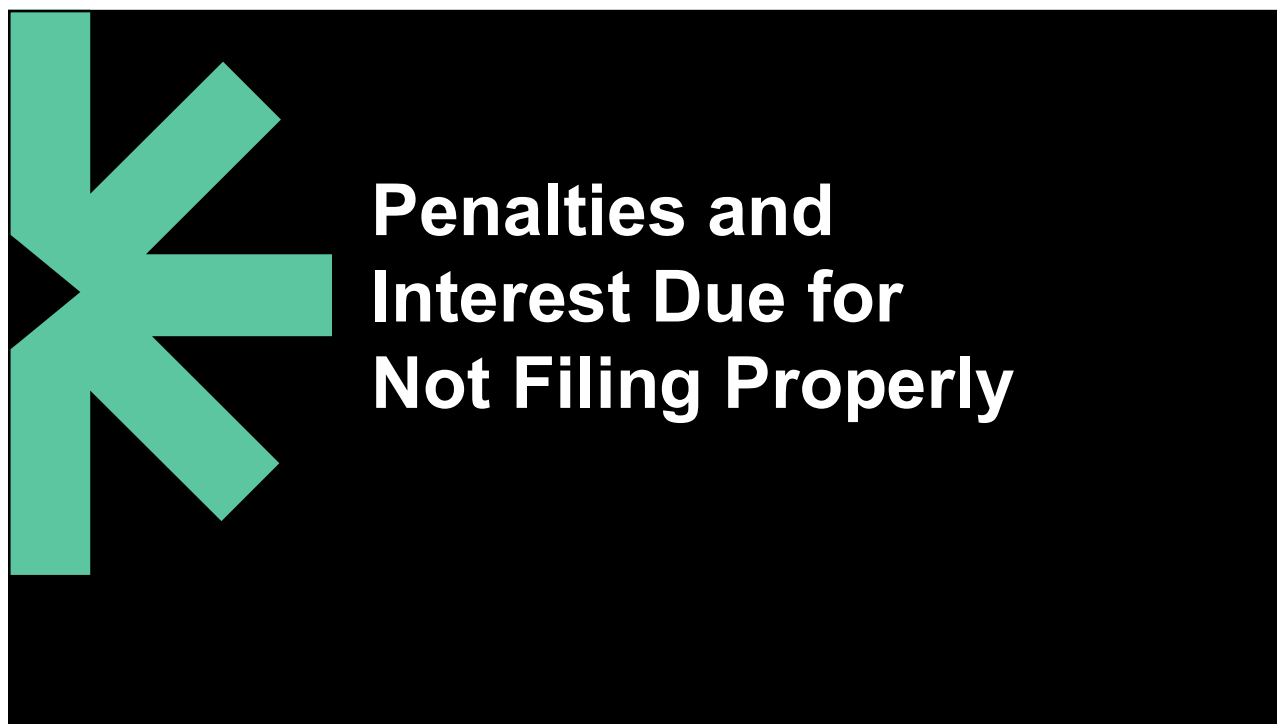
1a FEIN	1b NAME	1c Determination Period End Date (Balance Sheet Date): (mm/dd/yyyy)
---------	---------	---

The Worksheet BPT-NWI is available to be completed to substantiate the net worth computation for Form PPT. This worksheet is for disregarded entities that have as its single member an individual taxpayer- typically single member LLCs taxed as sole proprietorships. The balance sheet should agree with the disregarded entity's books and records. Attach a statement explaining any differences.

	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash	////	////	////	////
2a Trade Notes and Accounts receivable	////	////	////	////
b Less allowance for bad debts				
3 Inventories	////	////	////	////
4 U.S. government obligations	////	////	////	////
5 Tax exempt securities	////	////	////	////
6 Other current assets (attach statement)	////	////	////	////
7a Loans to members (or persons related to members)	////	////	////	////
b Mortgage and real estate loans	////	////	////	////



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Penalties	
	• <b>Failure to Timely File Penalty</b> 10% of tax due or \$50; whichever is greater
	• <b>Failure to Timely Pay Penalty</b>
	➤ 1% of tax due per month; maximum 25% (e.g., income tax returns)
	➤ Flat rate of 10% of tax due for monthly and quarterly returns (e.g., sales, lodgings, or rental tax returns)
	• <b>Negligence Penalty</b> ( <i>intentional disregard for rules and/or regulations</i> ) 5% of tax due
	• <b>Fraud Penalty</b> ( <i>to purposely deceive</i> ) 50% of tax due

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## Interest Due

- If the tax is not timely paid, interest is also due and by law cannot be waived.
- The rate of interest changes because it is the same rate as established by the U.S. Secretary of the Treasury under the authority of 26 U.S. Code § 6621.
- Current interest rates can be viewed at:  
<https://revenue.alabama.gov/assessments/quarterly-interest-rates/>



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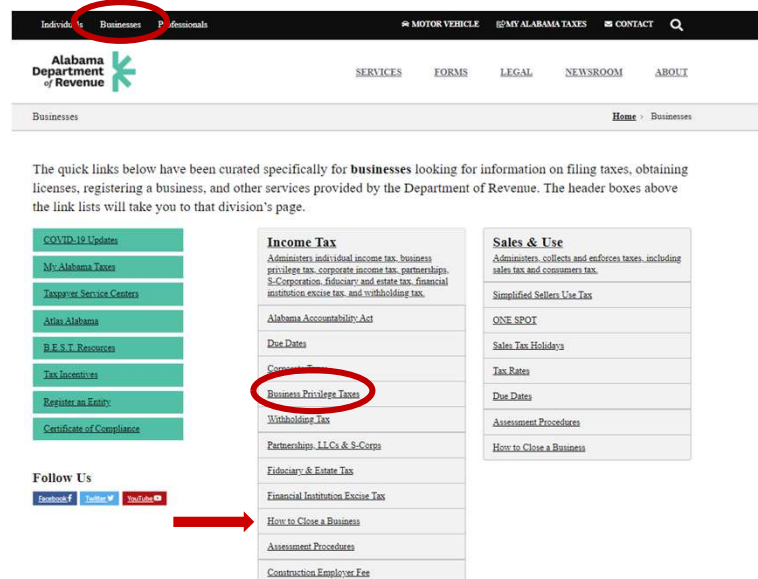
**Helpful Links on  
ALDOR's Website**

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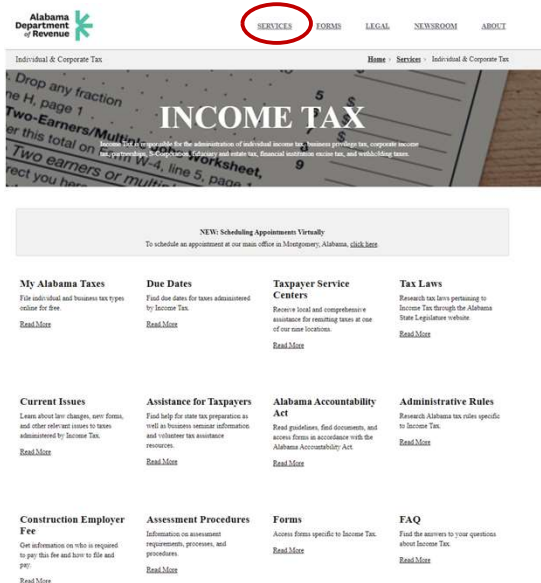
Go to:  
<https://revenue.alabama.gov/>

1. Click on “Businesses”
2. Click on “Business Privilege Taxes”

Also, note “How to Close a Business” link.



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Go to:  
<https://revenue.alabama.gov/individual-corporate/>

- Due Dates
- Tax Laws
- Forms
- Administrative Rules
- FAQ

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Go to:  
<https://revenue.alabama.gov/>

Click on “FORMS”.

Type the form name in  
the Search bar.

Access forms, form instructions, and worksheets for each tax division below. The list is currently sorted first by division and then by category. You may **search** for a specific form by typing in the search bar, or **sort** the list by clicking on any of the column headers. You may **filter** by division, category, and year using the dropdown menus at the bottom of the forms table.

All forms will download as a PDF. Please [refer to the list of mailing addresses](#) for the appropriate forms. For income tax form orders, please [use this contact form](#).

Show 10 entries

Number	Title	Division	Category	Year
<a href="#">Schedule AL-CAR (PRINT ONLY)</a>	Alabama Secretary of State Corporation Annual Report	Income Tax	Business Privilege Tax	2021
<a href="#">Schedule AL-CAR (PRINT ONLY)</a>	Alabama Secretary of State Corporation Annual Report	Income Tax	Business Privilege Tax	2020
<a href="#">Schedule AL-CAR (PRINT ONLY)</a>	Alabama Secretary of State Corporation Annual Report	Income Tax	Business Privilege Tax	2019
<a href="#">Schedule AL-CAR</a>	Alabama Secretary of State Corporation Annual Report	Income Tax	Business Privilege Tax	2018
<a href="#">Schedule AL-CAR</a>	Alabama Secretary of State Corporation Annual Report	Income Tax	Business Privilege Tax	2017
<a href="#">Schedule AL-CAR</a>	Alabama Secretary of State Corporation Annual Report	Income Tax	Business Privilege Tax	2016
<a href="#">Schedule AL-CAR</a>	Alabama Secretary of State Corporation Annual Report	Income Tax	Business Privilege Tax	2015
<a href="#">Schedule AL-CAR</a>	Alabama Secretary of State Corporation Annual Report	Income Tax	Business Privilege Tax	2014
<a href="#">Schedule AL-CAR</a>	Alabama Secretary of State Corporation Annual Report	Income Tax	Business Privilege Tax	2013

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## Alabama Department of Revenue Contact Numbers

- 334-242-1170 Option #1 – Individual Income Tax
- 334-242-1170 Option #7 – Withholding Tax
- 334-242-1170 Option #6 – Corporate Tax
- 334-242-1170 Option #8 – Business Privilege Tax
- 334-242-1170 Option #6 – Pass-Through Entity
- 334-242-1189 – Certificate of Compliance
- 334-242-1584 – Business Registration
- 334-242-1490 – Sales and Use Tax

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## Taxpayer Service Centers

The Alabama Department of Revenue has nine Taxpayer Service Centers located throughout the State to assist you. Contact information for the Service Centers can be found at:

<https://revenue.alabama.gov/taxpayer-service-centers/>



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## Thank you for being ALDOR's B.E.S.T.!

B.E.S.T. Webinar presentations can be found at  
<https://revenue.alabama.gov/taxpayer-advocacy/b-e-s-t-seminars/b-e-s-t-webinar-schedule/>

Also available are B.E.S.T. Learning Modules at  
<https://revenue.alabama.gov/taxpayer-advocacy/b-e-s-t-seminars/watch-modules-online/>



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# Questions?

Please use the Q&A feature in Webex to ask the presenter questions.

